

ARTER & HADDEN

IN CLEVELAND
ARTER & HADDEN
1100 HUNTINGTON BUILDING
CLEVELAND, OHIO 44115
216/696-1100
TELECOPIER 216/696-2645
TELEX 98 5384

1919 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006
202/775-7100
TELECOPIER 202/857-0172
TELEX 6502156242-MCI

IN COLUMBUS
ARTER & HADDEN
ONE COLUMBUS
10 WEST BROAD STREET
COLUMBUS, OHIO 43215
614/221-3155
TELECOPIER 614/221-0479

IN CANTON
ARTER & HADDEN
640 CITIZENS SAVINGS BUILDING
CANTON, OHIO 44702
216/453-1166
TELECOPIER 216/453-2364

IN DALLAS
ARTER HADDEN & WITTS
5353 RENAISSANCE TOWER
DALLAS, TEXAS 75270
214/741-7561
TELECOPIER 214/741-7139

May 4, 1988

1 5618
REGISTRATION NO. _____ FROM 1400

PLEASE RESPOND TO:
Washington
TO CALL WRITER, DIRECT DIAL:

(202) 775-7122

MAY 4 1988-3 05 PM

Interstate Commerce Commission
Room 2303
12th & Constitution Avenue, N.W.
Washington, D. C. 20423

INTERSTATE COMMERCE COMMISSION

Attention: Ms. Mildred Lee

Ms. Lee:

Pursuant to 49 U.S.C. § 11303, I have enclosed a copy of the following notarized Security Agreement:

- 1) April 29, 1988 Security Agreement between Delaware and Hudson Railway Company, Iron Horse Park, North Billerica, Massachusetts, 01862 (Debtor) and Midwest Steel & Alloy Corporation, 26949 Chagrin Boulevard, Cleveland, Ohio 44122 (Secured Party).

I have also enclosed the filing fee of \$13.00 for the Security Agreement and the original of the Security Agreement for comparison purposes. After you have compared the original and copy for authenticity, please return the original Security Agreement in the envelope provided.

Thank you for your time.

Sincerely,

Patricia G. Butler
Patricia G. Butler

PGB/jbh

Enclosures

Countersignature

Interstate Commerce Commission

Washington, D.C. 20423

5/4/88

OFFICE OF THE SECRETARY

Patricia G. Butler

Arter & Hadden

1919 Pennsylvania, N.W.

Washington, D.C. 20006

Dear Ms. Butler:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/4/88 at 3:05pm, and assigned recordation number(s). 15618 & 15619

Sincerely yours,

Nanta L. McGee

Secretary

Enclosure(s)

1 5618

RECORDATION NO. _____ FILED 1288

MAY 4 1988-3 03 PM

INTERSTATE COMMERCE COMMISSION

FOR FILING WITH:

Department of Transportation
Interstate Commerce Commission
Washington, D.C.

SECURITY AGREEMENT

NAME & ADDRESS OF DEBTOR:

Delaware and Hudson Railway Company
Iron Horse Park
North Billerica, Massachusetts 01862

NAME & ADDRESS OF SECURED PARTY:

Midwest Steel & Alloy Corporation
26949 Chagrin Boulevard
Cleveland, Ohio 44122

DATE:

April 29, 1988

DESCRIPTION OF COLLATERAL BEING MORTGAGED:

Six (6) Locomotives bearing the following locomotive numbers:

(1) DH 5001	(3) DH 5005	(5) DH 5016
(2) DH 5004	(4) DH 5015	(6) DH 5018

GENERAL TERMS:

1. The above described collateral is hereby mortgaged to the secured party for the purpose of securing the prompt and faithful discharge and performance of each agreement of the debtor herein contained or contained in that certain Purchase and Sale Agreement of even date hereof by and between the debtor and the secured party (the "Purchase and Sale Agreement") made with or for the benefit of the secured party in connection with the indebtedness otherwise secured hereby and the repayment of any sums expended or advanced by the secured party for the maintenance or preservation of the collateral or in enforcing its rights hereunder (the foregoing being collectively referred to as the "Secured Obligations").

2. Debtor hereby declares and hereby warrants to the secured party that it is the absolute owner of the legal and beneficial title to the collateral and in possession thereof, and that the same is free and clear of all liens, encumbrances, and adverse claims whatsoever.

3. It is the intention of the parties to deliver this instrument in the State of Ohio.

4. If the debtor, its successors or assigns shall perform the Secured Obligations in full in accordance with the terms of the Purchase and Sale Agreement and this Security Agreement and shall otherwise keep and perform all and singular the terms, covenants and agreements in this Security Agreement, then this Security Agreement, and the security interest granted hereby, shall terminate and thereupon be null and void.

5. Time is of the essence of this Security Agreement. It is hereby agreed that:

- (a) if the debtor shall default in the performance of any of its obligations under the Purchase and Sale Agreement; or
- (b) if the debtor shall (i) make an assignment for the benefit of creditors, (ii) file or have filed against it a petition in bankruptcy or other similar proceeding under any law for the relief of debtors, or (iii) have a receiver appointed of its property; or
- (c) if any part of the collateral is seized under execution or other legal process;

(each of the foregoing events or occurrences being deemed a "Default" for purposes of this Agreement), then the Secured Obligations shall immediately become due and payable at the option of the secured party.

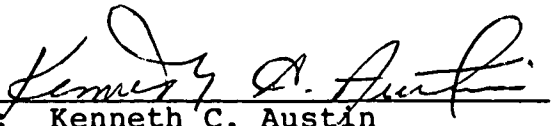
6. Upon a Default, secured party may at once proceed to foreclose this mortgage in any manner provided by law, or it may at its option, and it is hereby empowered so to do, with or without foreclosure action, enter upon the premises where the said collateral may be and take possession thereof and remove and sell and dispose of the same at public or private sale. Secured party may, from the proceeds of such sale, retain all costs and charges incurred by it in the taking or sale of said collateral, including any reasonable attorney's fees incurred, and apply the balance to the payment of the Secured Obligations then outstanding. Any surplus of such proceeds remaining after payment of the Secured Obligations shall be paid to the debtors, or whoever may be lawfully entitled to receive the same. If a deficiency occurs, the debtors agree to pay such deficiency forthwith.

7. The secured party or its agent may bid upon and purchase the collateral at any sale made under this Security Agreement or herein authorized, or at any sale made upon foreclosure of this Security Agreement.

IN WITNESS WHEREOF, the debtor has executed this Security Agreement this 29th day of April, 1988.

NAME OF DEBTOR:


DELAWARE AND HUDSON RAILWAY
COMPANY

By: 
Name: Kenneth C. Austin
Title: Vice President - Finance

ACKNOWLEDGEMENT

STATE OF MASSACHUSETTS)
) SS.
COUNTY OF MIDDLESEX)

Signed and sworn to before me, a notary public in and for said Commonwealth and County, this 29th day of April, 1988, by Kenneth C. Austin who acknowledged to me that he is the Vice President - Finance of the Delaware and Hudson Railway Company, and duly authorized to execute the foregoing Security Agreement on behalf of said corporation.



David H. Anderson, Notary Public
My Commission Expires: 4/9/93